Corporate Franchise & Income Tax - Income Apportionment

Hypothetical Comparison of Two Corporations

Corporation A High Proportion of Property and Payroll in Utah, Low Proportion of Sales in Utah

Corporation A Assumptions						
Factor Payroll Property Sales Total	\$ \$	*****	× \$ \$,	Ratio of Utah Portion to Total Nationw ide 90% 90% 1%	
Nationwide taxable income \$ 3,000 x% apportioned to Utah y result ncome apportioned to Utah y result x Utah tax rate 5% Utah Tax z tax						

Equa	Three			
Factor Weight 1 1 1 3	Allocation (Factor weight x ratio) 0.90 0.90 0.01 1.81	Factor weight % 33% 33% 33% 100%	w	(Factor eight % x ratio) 30.0% 30.0% 0.3% 60.3%
	60.3%			
			\$	3,000 60.3%
			\$	1,810 5%
			\$	91

Double Weighted Sales Factor					
Factor weight 1 1 2 4	Allocation (Factor weight x ratio) 0.90 0.90 0.02 1.82 / 4	Factor weight % 25% 25% 50% 100%	ratio) 22.5% 22.5%		
			******** 45.5% ****** \$ 68		

Single Sales Factor						
Factor weight 0 0 1 1	Allocation (Factor weight x ratio) 0.00 0.00 0.01 0.01 / 1	Factor weight % 0% 0% 100% 100%	(we	ocation Factor ight % x ratio) 0% 0% 1.00% 1.00%		
	1.0%		**	*****		
			\$	1.0% 30 <u>5%</u>		
			\$	2		

Corporation B Low Proportion of Property and Payroll in Utah, High Proportion of Sales in Utah

Corporation B Assumptions						
Factor Payroll Property Sales Total	Utah Portion \$ 100 \$ 500		Ratio of Utah Portion to Total Nat ionw ide 10% 99%			
<u>x % a</u>	apportion apportion	ole income ed t o Utah ed to Utah ah tax rate Utah Tax	x <u>%</u> y result <u>5%</u>			

Equa	ally Wei Fac		Three	
Factor Weight 1 1 1 2	Allocation (Factor weight x ratio) 0.10 0.99 1.19 / 3 39.7%	Fac tor weight % 33% 33% 100%	w	Ilocation (Factor eight % x ratio) 3.3% 33.0% 39.7%
			\$ \$ \$	3,000 <u>39.7%</u> 1,190 <u>5%</u> 59

Double Weighted Sales Factor					
Fac tor weight 1 1 2 4	Allocation (Factor weight x ratio) 0.10 0.10 1.98 2.18 / 4 54.5%	Factor weight % 25% 25% 50% 100%	Allocation (Factor weight % x ratio) 2.5% 49.5% 54.5%		
			54.5% ****** 54.5% ****** 5% \$ 82		

Single Sales Factor						
	Alloca tion		Allocation			
	(Factor		(Factor			
Factor weight	weight x ratio)	Factor weight %	weight % x ratio)			
weight 0	0.00	0%	0.0%			
_						
0	0.00	0%	0.0%			
1	<u>0.99</u>	<u>100%</u>	<u>99.0%</u>			
1	0.99	100%	99.0%			
	/ 1					
	99.0%					

			<u>99.0%</u>			

			<u>5%</u>			
			\$ 149			